

Federal Pay – Status of January 2004 Adjustments: A Fact Sheet

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Summary

Federal pay adjustment rates going into effect in January 2004, under Executive Order 13322 (69 *Federal Register* 231) were less than those in the pending Consolidated Appropriations Act, 2004 (H.R. 2673). The General Schedule (GS) and related salary systems were limited to 2.0%, as opposed to the 4.1% subsequently passed. Salaries of officials in the three branches were temporarily limited, due to the lower GS rate, to 1.5%, rather than the scheduled 2.2%, which upon Presidential approval of H.R. 2673, will go into effect retroactively.

Status of General Schedule Pay Adjustment¹

- Under 5 U.S.C. 5303, General Schedule basic salaries, and those of other related statutory systems, are to be adjusted the first pay period beginning on or after January 1 of each year (January 11, 2004). The adjustments are determined by the change in the private sector element of the Employment Cost Index (ECI) from September to September. The percentage of change, minus 0.5%, becomes the scheduled rate of adjustment. For January 2004, the rate of adjustment was scheduled at 2.7%. Locality-based payments are determined separately, based on wage survey data from 32 geographic areas.
- Under 5 U.S.C. 5303 and 5 U.S.C. 5304, President George W. Bush sent forward an alternative plan in August 2003 that called for a 1.5% increase in General Schedule, and related systems, basic pay and an average of 0.5% in locality-based payments for January 2004.
- Barring any action by Congress to establish a different rate or effective date, the President's alternative plan will govern.
- Both the House and Senate voted to establish a 4.1% pay adjustment, effective January 2004.²
- With passage of the 4.1%, the basic pay adjustment will be the scheduled ECI adjustment of 2.7% and the locality pay adjustment will average 1.4%. For the Washington, DC, area, the net adjustment will be 4.41%.

Status of Pay Adjustments of Officials³

- Under Section 704, P.L. 101-194, the Ethics Reform Act of 1989, salaries of Members and officers of Congress, federal judges, and executive branch officials on the Executive Schedule (collectively referred to herein as "officials") are to be adjusted annually based on December-to-December percentage changes in the private sector element of the ECI, effective in the same month as the GS adjustments.
- The scheduled January 2004 pay adjustment, based on the ECI, is 2.2%.
- Section 704, as amended, stipulates that officials' pay adjustments cannot exceed the rate of adjustment for GS basic pay.
- P.L. 108-167, as required under Section 140, P.L. 97-92, permits the judges to receive the annual adjustment.

¹ For a more detailed discussion of both basic pay and locality-based payments, see CRS Report RL31823, *Federal White-Collar Pay: FY2004 Salary Adjustments*, by Barbara L. Schwemle.

² H.R. 2989, Transportation, Treasury, and General Government Appropriations Act, 2004, the provisions of which are found at Division F; H.R. 2673, Consolidated Appropriations Act, 2004, see Section 640 for the pay provision.

³ For current and projected rates of pay for officials, see CRS Report 98-53, *Salaries of Federal Officials, A Fact Sheet*, by Sharon S. Gressle.

Effect of Delayed Passage

- GS pay adjustment in January 2004, pending presidential approval of the FY2004 Consolidated Appropriations Act, is limited to 1.5% for basic pay and an average of 0.5% for locality. The net adjustment for the Washington, DC, area has been 2.12% (Executive Order 13322, 69 Federal Register 231).
- The pay adjustment for officials has been limited to 1.5%.
- Upon approval of the Consolidated Appropriations Act, 2004, GS pay will be adjusted to a total of 4.1%, retroactive to the first pay period beginning on or after January 1, 2004, with the rate of 2.7% for basic pay. Salaries of officials will increase to the 2.2% rate, retroactively.

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